

## Sumitomo Chemical Company, Limited Consolidated Financial Results

Sumitomo Chemical Company, Limited today announced that its consolidated net sales for the year ended March 31, 2002 (FY2001) totaled ¥1,018.4 billion (\$7,642 million), a 2.2% decrease from the previous year (FY2000). Net income decreased 11.4% to ¥30.2 billion (\$227 million).

~~Sales of the Basic Chemicals segment~~ decreased 3.8% compared with FY2000. Aluminum sales increased mainly due to a higher price in the domestic market, while sales of raw materials for synthetic fibers decreased under weak market conditions. ~~Sales of the Petrochemicals segment~~ decreased 9.8% from FY2000. Styrene monomer sales declined because of the lower market price and reduced shipping volume, and plastics sales also decreased due to lower market price and a declining demand in markets outside Japan. ~~Sales of the Fine Chemicals segment~~ decreased 12.1% from the previous year due to declining sales of pharmaceutical intermediates, dyestuffs and functional materials. ~~Sales of the IT-related Chemicals segment~~ stayed almost at the same level as the previous year despite the sales addition of the newly consolidated New STI Technology (a manufacturer of color filter for LCDs). Sales volume of epoxy resin, photoresist, and functional films for LCDs all dropped due to depressed demand in the IT and electronics related industry. ~~The Agricultural Chemicals segment~~ showed the sales growth of 10.9% from FY2000, reflecting an increase in the sales volume of feed additives in markets outside Japan and contribution from new household insecticide products acquired from Aventis CropScience in May 2001. Pesticides sales increased owing to the new acquisition of Rainbow Chemical (a supplier of materials for home & garden uses) as well as the sales increase of overseas subsidiaries. ~~Sales of the Pharmaceuticals segment~~ rose 11.0% thanks to the sales expansion of *Amlodin* (hypertension and angina pectoris), *Hibitane* (disinfectant), and *Tagamet* (anti-ulcer). ~~Sales of the Others segment~~ increased 14.3% from the previous year.

Total operating income was ¥68.8 billion (\$517 million), an 18.7% decline from FY2000. Petrochemicals and IT-related Chemicals recorded the operating losses of ¥0.4 billion (\$3 million) and ¥6.3 billion (\$47 million), respectively. Operating incomes of Basic Chemicals and Agricultural Chemicals decreased to ¥3.0 billion (\$23 million) and ¥17.9 billion (\$134 million), respectively. Pharmaceuticals and Others showed increase in operating income to ¥42.0 billion (\$315 million) and ¥4.8 billion (\$36 million), each. The operating income of Fine Chemicals was ¥8.0 billion (\$60 million), remaining almost at the same level as FY2000.

The Goodwill of ¥11.3 billion (\$85 million) mainly arising from the acquisition of household insecticides in the year was fully amortized. The Company paid ¥6.1 billion (\$46 million) for the settlement of the dispute over the U.S. patent for production method of epoxy resin. There was no special loss related to employees' retirement benefit in FY2001 and the restructuring charges decreased to ¥5.0 billion (\$38 million) compared to ¥11.3 billion in FY2000. The Company sold its investment securities to finance the aforementioned insecticide products acquisition, generating gains of ¥13.3 billion (\$100 million).

Net cash provided by operating activities was ¥62.9 billion (\$472 million). Free cash flow decreased to ¥5.6 billion (\$42 million).

For the year ending March 31, 2003, the Company estimates that consolidated net sales will be ¥1,080.0 billion (\$8,105 million), a 6% increase from FY2001 and that consolidated net income will be ¥35 billion (\$263 million), a 16% increase compared to the previous year. Annual dividends per 1,000 shares will be kept at the same rate, ¥6,000 (\$45.03).

### (Note)

\*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥133.25= \$1 prevailing on March 29, 2002.

**Consolidated Statements of Income**  
**Years ended March 31, 2002(FY2001) and 2001(FY2000)**

	FY2001		FY2000
	(¥ Million)	(US\$1,000)*	(¥ Million)
Sales	¥ 1,018,352	\$ 7,642,417	¥ 1,040,950
Cost of sales	724,947	5,440,503	746,651
Selling, general and administrative expenses	224,569	1,685,321	209,626
Operating income	68,836	516,593	84,673
Other income (expenses):			
Interest and dividend income	4,530	33,996	5,485
Interest expenses	(11,940)	(89,606)	(13,984)
Equity in earnings of affiliates	6,660	49,981	11,015
Gain on sales of securities	13,317	99,940	9,594
Amortization of goodwill	(11,294)	(84,758)	-
Loss on settlement of patent dispute	(6,111)	(45,861)	-
Restructuring charges	(5,039)	(37,816)	(11,317)
Past period service costs of employees' retirement plan	-	-	(14,338)
Other-net	(1,194)	(8,961)	(6,753)
Income before income taxes and minority interests	57,765	433,508	64,375
Income taxes, net of tax effect	23,323	175,032	24,836
Minority interests' share in income	4,231	31,752	5,460
Net income	¥ 30,211	\$ 226,724	¥ 34,079

	FY2001		FY2000
	(Yen)	(US dollar)*	(Yen)
Net income per 1,000 shares	¥ 18,250	\$ 136.96	¥ 20,756
Dividends per 1,000 shares:			
Interim dividends	¥ 3,000	\$ 22.51	¥ 3,000
Year-end dividends	3,000	22.51	3,000
For the year	¥ 6,000	\$ 45.02	¥ 6,000

(Note) \*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥133.25= \$1 prevailing on March 29, 2002.

**Industry Segment Results**  
Years ended March 31, 2002(FY2001) and 2001(FY2000)

		Basic Chemicals	Petro- chemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharma- ceuticals	Others	Adjustments & Elimination	(¥ Million) Consoli- dated
<b>FY2001</b>										
Sales	[a]	¥ 173,836	¥ 338,556	¥ 99,765	¥ 59,799	¥ 134,867	¥ 173,982	¥ 37,547		¥ 1,018,352
(Share)		(17.1%)	(33.2%)	(9.8%)	(5.9%)	(13.2%)	(17.1%)	(3.7%)		(100.0%)
(Growth)		(-3.8%)	(-9.8%)	(-12.1%)	(-0.7%)	(10.9%)	(11.0%)	(14.3%)		(-2.2%)
Operating income (loss)	[b]	¥ 3,012	¥ (442)	¥ 8,032	¥ (6,307)	¥ 17,909	¥ 42,017	¥ 4,786	¥ (171)	¥ 68,836
[b] / [a]		(1.7%)	( - )	(8.1%)	( - )	(13.3%)	(24.2%)	(12.7%)		(6.8%)
Total assets		¥ 157,058	¥ 314,039	¥ 153,992	¥ 108,020	¥ 184,018	¥ 215,129	¥ 154,745	¥ 106,158	¥ 1,393,159
Depreciation		8,964	14,204	11,105	7,316	20,048	9,462	4,938	3,210	79,247
Capital expenditures		10,564	12,306	10,644	8,414	19,164	4,981	4,846	2,064	72,983
<b>FY2000</b>										
Sales	[a]	¥ 180,609	¥ 375,471	¥ 113,499	¥ 60,199	¥ 121,585	¥ 156,748	¥ 32,839		¥ 1,040,950
(Share)		(17.3%)	(36.1%)	(10.9%)	(5.8%)	(11.7%)	(15.0%)	(3.2%)		(100.0%)
(Growth)		(6.1%)	(13.2%)	(-0.4%)	(-3.1%)	(15.1%)	(9.5%)	(39.7%)		(9.5%)
Operating income (loss)	[b]	¥ 4,536	¥ 7,318	¥ 7,537	¥ 3,145	¥ 19,408	¥ 38,760	¥ 3,857	¥ 112	¥ 84,673
[b] / [a]		(2.5%)	(1.9%)	(6.6%)	(5.2%)	(16.0%)	(24.7%)	(11.7%)		(8.1%)
Total assets		¥ 165,569	¥ 326,786	¥ 162,471	¥ 97,659	¥ 160,331	¥ 201,672	¥ 164,720	¥ 176,189	¥ 1,455,397
Depreciation		7,961	14,343	11,364	6,159	8,712	7,958	5,273	2,839	64,609
Capital expenditures		6,710	9,481	10,749	5,169	4,393	19,105	3,926	2,605	62,138

(Note) The Company changed its industry segmentation, from the former three groups ("Basic Chemicals & Petrochemicals", "Specialty Chemicals", "Others") to the seven segments, namely "Basic Chemicals", "Petrochemicals", "Fine Chemicals", "IT-related Chemicals (newly established business group)", "Agricultural Chemicals", "Pharmaceuticals" and "Others". Prior period statement has been reclassified to conform to the current period.

**Overseas Operations**  
Years ended March 31, 2002(FY2001) and 2001(FY2000)

	FY2001				FY2000
	(¥ Million)	(\$1,000)*	Share (%)	Growth (%)	(¥ Million)
Overseas operations	¥ 287,191	\$ 2,155,280	28.2	3.9	¥ 276,500

(Note) \*U. S. dollar amounts are translated from yen, for convenience only, at the rate of ¥133.25 = \$1 prevailing on March 29 2002.

**Consolidated Statements of Cash Flows**  
**Years ended March 31, 2002(FY2001) and 2001(FY2000)**

	FY2001		FY2000
	(¥ Million)	(US\$1,000)*	(¥ Million)
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥ 57,765	\$ 433,508	¥ 64,375
Depreciation and amortization	79,247	594,724	64,609
Other-net	(74,157)	(556,525)	(34,288)
Net cash provided by operating activities	62,855	471,707	94,696
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment	(71,943)	(539,910)	(70,690)
Other-net	14,727	110,522	15,778
Net cash used in investing activities	(57,216)	(429,388)	(54,912)
<b>Cash flows from financing activities:</b>			
Dividends paid	(9,933)	(74,544)	(13,081)
Net increase in short-term debt	9,260	69,493	(25,203)
Net decrease in long-term debt	(2,874)	(21,568)	(18,455)
Other-net	(5,299)	(39,767)	(5,910)
Net cash used in financing activities	(8,846)	(66,386)	(62,649)
Effect of exchange rate changes on cash and cash investments	1,874	14,064	1,581
Cash and cash investments at beginning of period	56,569	424,533	77,835
Increase in cash from addition of consolidated subsidiaries	66	495	18
Cash and cash investments at end of period	¥ 55,302	\$ 415,025	¥ 56,569

(Note)

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**Non-consolidated Statements of Income**  
**Years ended March 31, 2002(FY2001) and 2001(FY2000)**

	FY2001		FY2000
	(¥ Million)	(US\$1,000)*	(¥ Million)
Sales	¥ 577,784	\$ 4,336,095	¥ 625,140
Cost of sales	466,449	3,500,559	501,981
Selling, general and administrative expenses	96,498	724,190	92,040
Operating income	14,837	111,346	31,119
Other income	26,366	197,869	30,716
Other expenses	10,618	79,683	15,036
Ordinary income	30,585	229,532	46,799
Special gains	14,623	109,742	12,974
Special losses	28,048	210,496	29,623
Income before income taxes	17,160	128,778	30,150
Income taxes	418	3,137	2,528
Net income	¥ 16,742	\$ 125,641	¥ 27,622

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